

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 TRSE-00 RSC-01 /019 W

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R 190610Z DEC 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1777

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

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E.O. 11652: N/A

TAGS: ECRE, EINV, EALR, KU, SY, EG

SUBJECT: LARGE SCALE REAL ESTATE PROJECTS IN EGYPT AND SYRIA

REF: (A) KUWAIT 5178 (NOTAL) (B) KUWAIT 4369 (NOTAL)

1. AS REPORTED PREVIOUSLY GOK AND KUWAITI PRIVATE SECTOR PRE-PARE INVEST MASSIVE AMOUNTS IN REAL ESTATE PROJECTS IN SYRIA AND EGYPT. ORIGINALLY WE UNDERSTOOD THAT ABOUT \$300 MILLION WAS AVAILABLE FOR THIS PURPOSE. ACCORDING TO KNOWLEDGEABLE SOURCE HOWEVER KUWAITIS PREPARED INVEST ABOUT \$350 MILLION IN SYRIA ALONE AND ABOUT \$400 MILLION IN EGYPT. SOURCE SAID HE WOULD NOT BE SURPRISED IF KUWAITIS EVENTUALLY INVESTED \$1 BILLION IN REAL ESTATE IN ARAB WORLD OUTSIDE KUWAIT.

2. PRIMARY VEHICLE FOR THESE INVESTMENTS WILL BE KUWAIT REAL ESTATE INVESTMENT CONSORTIUM (KREIC). IN EGYPT A JOINT KUWAITI-EGYPTIAN COMPANY WILL BE FORMED. AS REPORTED REF A THREE SPECIFIC PROJECTS HAVE BEEN IDENTIFIED IN SYRIA, AND GOOD SYRIAN-KUWAITI WORKING RELATIONSHIP HAS APPEARED TO BEEN FORMED.

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3. PACE IS NOTABLY SLOWER IN EGYPT. EGYPTIAN MINISTER OF HOUSING

OTHMAN AL-OTHMAN APPARENTLY CONCERNED OVER KUWAITI DESIRE TO OWN LAND OUTRIGHT. KUWAITIS NOT INTERESTED IN LONG TERM LEASES. OTHMAN FEARS THAT SAUDIS AND OTHERS WILL ALSO INSIST ON OWNING EGYPTIAN PROPERTY, AND NET RESULT WILL BE BEST METROPOLITAN AREAS WILL BE OWNED BY FOREIGNERS. KUWAITI TEAM WAS RECENTLY IN EGYPT FOR DISCUSSIONS WHICH BOGGED DOWN WITHOUT RESULT. WE UNDERSTAND HOWEVER THAT KUWAIT MINISTER OF FINANCE AND OIL ATEEQI HAS REACHED AGREEMENT WITH EGYPTIAN PM HEGAZI TO FORM JOINT COMPANY AND THEREBY OVERCOME PRESENT PROBLEMS.

4. COMMENT: AS INDICATED PREVIOUSLY KUWAITI FINANCING OF MAJOR REAL ESTATE PROJECTS IN SYRIA AND EGYPT REPRESENT SIGNIFICANT TRADE OPPORTUNITIES FOR AMERICAN FIRMS. BASED ON REMARKS OF THOSE HERE CONNECTED WITH THESE PROJECTS IT APPEARS THAT SYRIAN PROJECTS WILL MOVE MORE REPIDLY AND IN BUSINESSLIKE MANNER. OUR SOURCES TELL US THAT EGYPTIANS HAVE SOME LOCAL ARCHITECTS AND ENGINEERS AND THAT THEREFORE THEY ARE SOMEWHAT LESS INCLINED TO SEEK SERVICES OF FOREIGN CONSULTANTS. NEVERTHELESS WE SUSPECT THAT SIGNIFICANT OPPORTUNITIES FOR AMERICAN FIRMS WILL EXIST IN BOTH SYRIA AND EGYPT AS RESULT OF MAJOR KUWAITI INVESTMENT IN REAL ESTATE IN THESE COUNTRIES.  
STOLTZFUS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974KUWAIT05419  
**Document Source:** CORE  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 74 KUWAIT 5178, 74 (NOTAKUWAIT 4369  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14-Aug-2002 by martinml>; APPROVED <24 MAR 2003 by CunninFX>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LARGE SCALE REAL ESTATE PROJECTS IN EGYPT AND SYRIA  
**TAGS:** ECRE, EINV, EALR, KU, SY, EG  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005